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SUBJECT: UPPER AUSTRIAN ELECTIONS: SOCIAL DEMOCRATS LOSE BIG

REF: VIENNA 1220

¶1. (U) Summary: The conservative People's Party (OVP) finished a strong first in the September 27 Upper Austrian elections with a better-than-expected showing, while the Social Democrats (SPO) suffered an historic setback and placed a distant second. The rightwing, populist Freedom Party (FPO) came in third, nearly doubling its vote total from the previous state election. This latest SPO setback has already heightened the pressure on Chancellor Faymann to set a new course in order to bolster the party's image and standing in advance of next year's state elections. End Summary.

¶2. (U) The SPO took only 24.9 percent of the vote, down 13.4 percent from the last state elections in 2003 and much worse than polls, pundits, or the party itself had feared/predicted (a 3-8 percent loss, reftel). The result marked the party's worst post-World War II performance in Upper Austria and its largest decline in back-to-back elections in any state. Traditionally strong in urban areas, the SPO lost its absolute majority in the Upper Austrian cities of Linz, Steyr and Wels. The FPO, which competes with the SPO for blue collar votes, gained in all three cities; in Wels, the rightwing party nearly tripled its 2003 performance, garnering just under a third of the vote. State SPO members decided at a September 28 meeting to maintain Erich Haider in his position as state party chairman until the SQconvention in summer 2010, at which time he will likely be replaced.

¶3. (U) The OVP, meanwhile, led by popular Governor Josef Puehringer, was expected to fare slightly worse than in 2003, while retaining its clear first-place position. Instead, the party scored 46.8 percent, up 3.3 percent from 2003.

¶4. (U) The FPO finished a solid third on the strength of an anti-immigrant, anti-Muslim campaign, garnering 15.3 percent of the vote, up 6.9 points from its dismal 2003 result, but below the historic high of over 20 percent in the 1997 Upper Austrian elections. Upper Austria has a large blue collar workforce and a strong nationalist element, and the FPO was expected to do well. FPO lead candidate Manfred Haimbuchner offered his party as a coalition partner, and urged the other parties not to rule out cooperation with the FPO.

¶5. (U) "Cabinet" positions in the Upper Austrian government are allocated proportionally based on parties' representation in the state legislature. The OVP, SPO, FPO, and the Greens, who garnered 9.2 percent of the vote, will be awarded cabinet positions. The BZO, an FPO spinoff, drew only 2.8 percent and will not be in the government. The OVP has enough seats in the state legislature to elect Puehringer governor without a coalition partner, but the party needs a partner to ease the passage of legislation. Puehringer announced after the vote that he will hold coalition discussions with each of the other parties. The most likely outcome would be a renewal of

the existing OVP-Green coalition, which appears to work well.

An OVP-SPO coalition appears less likely with Haider staying on for the time being. Haider ran an aggressive and, by Austrian standards, negative campaign of attacks on Puehringer's character, and a number of contacts told us Puehringer would not form a coalition with a Haider-led SPO. A coalition with the controversial FPÖ is considered even less likely.

Comment

16. (SBU) This latest setback has heightened the pressure on Chancellor Faymann from within his own party to sharpen the SPO's image vis-a-vis the OVP. Faymann continues to publicly reject calls for a change of course, but the blow to his image as a leader is bound to have an effect. The SPO has announced plans to develop a new integration policy; some party leaders have asserted that the lack of a clear policy on this high-profile issue has weakened the SPO's image. A distinct SPO policy would, it is hoped, help stem the loss of SPO voters to the FPÖ. This will not be easy. It is difficult to imagine any party taking anti-immigrant votes away from the xenophobic FPÖ, and an immigrant friendly policy would alienate blue collar social democrats fearful of losing jobs to lower paid foreigners.

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